



Iowa Department of Human Services

Mental Health & Disability Services Redesign

February 11, 2014



Accounts Receivable

- Medicaid balance typically ~1.5 months behind in aggregate
 - Average balance of roughly \$25M
 - A few counties 10 to 22 months behind
- From March to June 2012 balance climbed from \$24M to \$61M
- SF452 required payment by June 30, 2013 or a payment plan to support release of equalization funding
(full payment required by June 30, 2014).
- Current Medicaid balance is \$2.5M
- Current balance all receivables (billed by June 30) is \$3.4M

** All balances are non-disputed*



Current Medicaid Balance

- Current Medicaid balance is largely owed by 11 counties
 - Union \$803,072 reduced levy (\$158.5K)
 - Johnson 493,747 rec'd equalization \$3.2M
 - Hamilton 355,898 reduced levy (\$125.6K)
 - Delaware 292,457 reduced levy (\$92.1K)
 - Adair 207,739 rec'd equalization \$46.8K
 - Osceola 187,818 rec'd equalization \$105.3K
 - Taylor 157,712 rec'd equalization \$157.8K
 - Adams 110,809 reduced levy (\$1,973)
 - Clarke 89,725 rec'd equalization \$11.8K
 - Davis 40,001 reduced levy (\$11.4K)
 - Wayne 34,307 rec'd equalization \$44.2K



Total Accounts Receivable

- Current balance all receivables billed by June 30 is \$3.4M
- Current balance all receivables billed through January is \$4M
- Current balances:

	Medicaid	MHI	GRC	WRC	MtP-DD	Oakdale	Toledo	Total
Billed at 6/30/13	\$2,547,733	\$139,515	\$67,925	\$86,370	\$14,585	\$478,495	\$95,051	\$3,429,673
Billed at 1/31/14	\$2,547,733	\$543,647	\$67,925	\$86,370	\$124,637	\$549,614	\$120,315	\$4,040,241

** All balances are non-disputed*



Equalization

- SFY14 equalization is \$29,820,478
- Per capita approach to county funding
 - supports counties in bringing a relatively equal amount of per capita funding to regionalization
- Max levy for SFY14 & SFY15 is smaller of county's previous net levy dollar amount or an effective per capita levy of \$47.28
- Counties with levy more than the effective \$47.28 per capita reduced their levies (total of \$10.8M)
 - 45 counties reduced their levy
 - reduction ranged from \$1,973 (Adams) to \$1.4M (Jasper)



Equalization

- Counties with levy less than the effective \$47.28 per capita receive equalization
 - 54 counties received equalization
 - equalization ranged from \$6.2M (Polk) to \$597 (Keokuk)
- Status of payments
 - 52 counties have rec'd full or partial payments
 - Working on offset for Adair and Taylor (\$46.8K and \$157.8K)
 - Johnson has rec'd \$2.6M; working on offset for \$497K
 - Johnson and Woodbury have minor amounts in dispute (\$12.6K and \$10.2K respectively)



Equalization Pros & Cons

- Pros
 - Supports level per capita funding going into regionalization
 - Increases funding in some counties w/out increasing taxes
 - Decreases taxes in some counties
 - Simplifies administrative and funding processes
- Cons
 - Some counties do not directly receive general funds
 - Funding is not matched to true need
 - Reduces county discretion



Potential County Problems - Methodology

- + SFY14 levy, equalization and State Payment Program funding
- + SFY13 ending cash balances
- less Estimated SFY14 cash expenditures based on SFY13
adjusted for Medicaid and resource center payments
- less Medicaid and resource center payables remaining at
12/31/2013
- = ending balance

Does not adjust for Residency vs. Legal Settlement



Potential County Problems – 25% reserve

- Assuming a 25% cash reserve at year-end
 - 15 counties may lack sufficient year-end reserves
 - Balance under 25% reserve ranges from \$11,281 to \$1.2M
 - Total potential problem identified \$4.4M
 - However, only one region lacks overall 25% reserve
- With IHAWP benefit*, potential problem is reduced to \$1.6M
 - 10 counties may lack sufficient year-end reserves
 - Balance under 25% reserve ranges from \$10,976 to \$428,047

** Assumes \$15M in aggregate benefit for SFY14*



Potential County Problems – 15% reserve

- Assuming a 15% cash reserve at year-end
 - 10 counties may lack sufficient year-end reserves
 - Balance under 15% reserve ranges from \$16,742 to \$531,744
 - Total potential problem identified \$1.9M
- With IHAWP benefit*, potential problem is reduced to \$395,266
 - 5 counties may lack sufficient year-end reserves
 - Balance under 15% reserve ranges from \$9,029 to \$248,937

** Assumes \$15M in aggregate benefit for SFY14*



Factors & Influences

- Impact of Medicaid buyout
- Residency vs. Legal Settlement
- Levy limit?
- Fiscal management
including Medicaid “float”



Big Picture

- Significant reduction in receivables
- Regionalization eases financial concerns
- Seven counties had waitlists at July 1, SFY14 (Delaware, Dickinson, Lucas, O'Brien, Osceola, Sac, Sioux);
three counties have waitlists today (Delaware, Lucas, Osceola)
- Cash balances increasing
 - SFY12 ending balances w/ residual ARRA impact \$102.6M
 - SFY13 reported ending balances \$79.3M
 - SFY14 estimated ending balances \$96.1M
- IHAWP impact \$30 to \$60M annual impact
 - Counties retain 100% in SFY14 (6 months)
 - Counties retain 20% SFY15 and forward



Medicaid Offset

- Department shall adopt rules
 - In consultation with the County Finance Committee
 - Specifying information to be used
- Critical dates
 - Base period for establishing offset is January 1, 2014 through June 30, 2014
 - First certified offset submitted October 15, 2014
 - First payment obligation due January 1, 2015
- Subject to review by the county auditor or independent audit

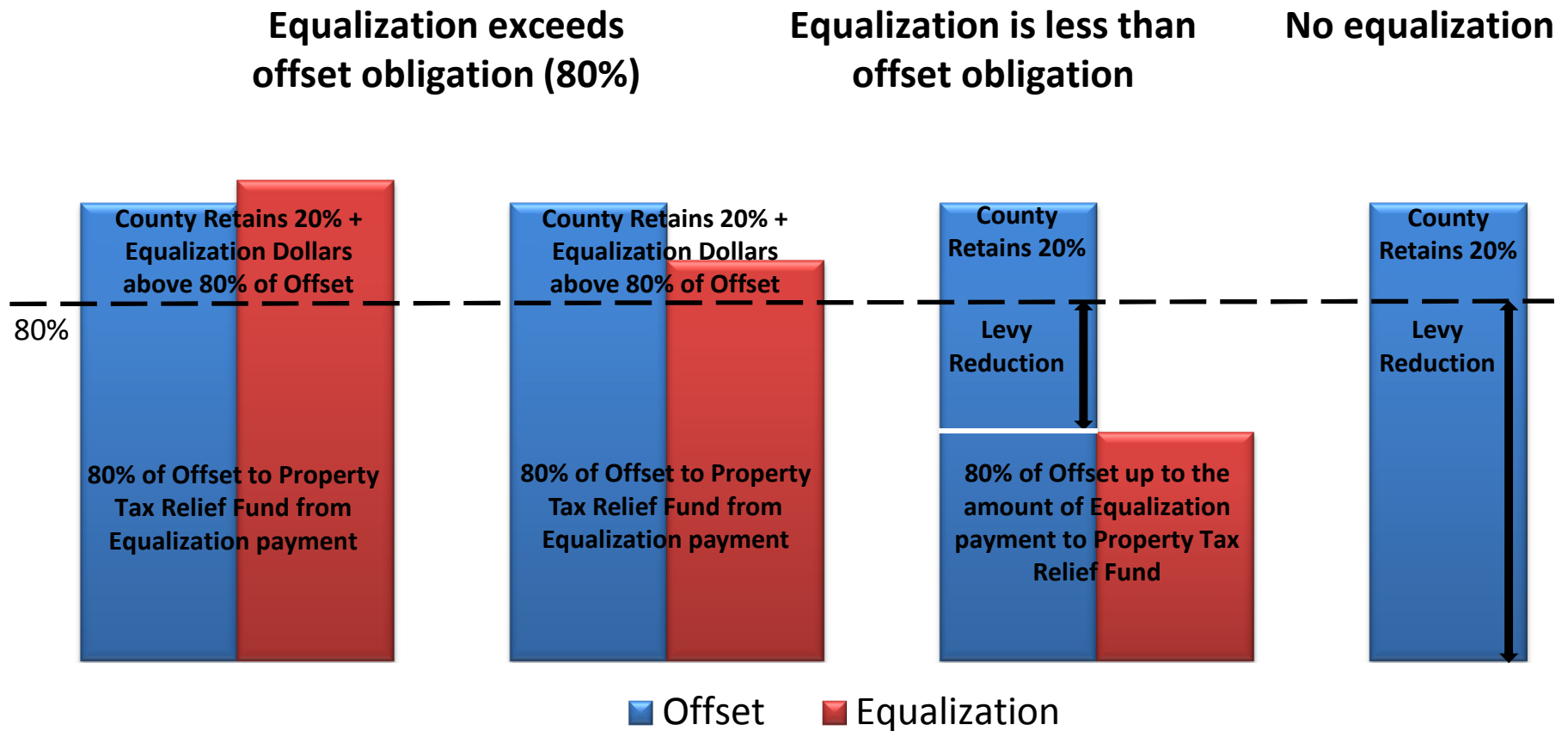


Medicaid Offset

- IHAWP is only age 18-64
- Crosswalk IHAWP benefits with county-based services (based on codes in county system)
- Pull claims data based on these benefits/services
- Total claims paid through IHAWP for these services = offset

Senate File 446 - Medicaid Offset

Conceptual Illustration of Intent





Medicaid Offset – Distribution options

- Per capita distribution of offset
 - Preserves the intent and benefits of equalization
- Distribution based on county-by-county claims data
 - Recognizes variation in county demographics that impact eligibility and enrollment



Medicaid Offset – Estimated impact (per capita)

- \$30M in IHAWP benefit (savings to counties)
 - Effect is a \$39.44 per capita levy
 - 31 counties have a maximum levy below \$39.44
 - \$14.9M in equalization is retained by counties
 - \$14.9M credited to Property Tax Relief Fund
 - Levy's are reduced (offset) \$9.1M



Medicaid Offset – Estimated impact (per capita)

- \$60M in IHAWP benefit (savings to counties)
 - Effect is a \$31.61 per capita levy
 - 13 counties have a maximum levy below \$31.61
 - \$5.2M in equalization is retained by counties
 - \$24.6M credited to Property Tax Relief Fund
 - Levy's are reduced (offset) \$23.4M



Moving forward

- Existing sources of funds
 - Increasing cash balances
 - IHAWP benefit (savings to counties)
 - Offset credited to Property Tax Relief Fund
 - Impact of enrolling those previously eligible for Medicaid but not enrolled



Moving forward

- Potential uses of funds
 - Waitlists
 - Ensuring core services
 - Core plus
 - Crisis
 - Should avoid new populations and/or increased eligibility until above are satisfied